

AR01

*First
Annual
Report
1969*



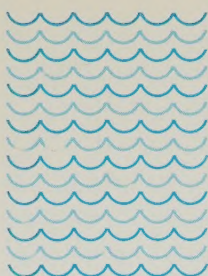
Hart River Mines Ltd., (n.p.l.)

COVER STORY

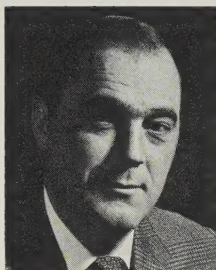
The front cover photograph shows the area where the Mark Zone was discovered and the location of the 3,880 adit level from the valley floor.

ANNUAL MEETING

Hart River Mines Ltd.'s annual meeting will be held on September 30, 1969, at 10:00 a.m. in the Kent Room of the Hotel Georgia, Vancouver, British Columbia.



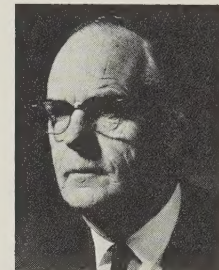
Hart River Mines Ltd., (n.p.l.)



H.A. BRIDEN



S. DAVID ANFIELD



E.P. CALLISON

OFFICERS	H.A. Briden, President E.P. Callison, Vice-President S. David Anfield, Secretary-Treasurer
DIRECTORS	H.A. Briden E.P. Callison S. David Anfield R.A. Pollock
HEAD OFFICE	848 West Hastings Street, Vancouver 1, British Columbia
REGISTERED OFFICE	846 West Hastings Street, Vancouver 1, British Columbia
AUDITORS	Riddell, Stead & Co. 505 Burrard Street, Vancouver 1, British Columbia
REGISTRAR & TRANSFER AGENTS	National Trust Company Ltd. 510 Burrard Street, Vancouver 1, British Columbia
CONSULTANTS	Alrae Engineering Ltd. 844 West Hastings Street, Vancouver 1, British Columbia
CAPITALIZATION —	
Authorized	5,000,000 shares, 50¢ par value
Issued	2,077,086 shares.
LISTING	Vancouver Stock Exchange

ORE RESERVES						
		(oz/ton)			(%)	
	Tons	Silver	Gold	Copper	Lead	Zinc
PROVEN	577,445	1.45	0.041	1.45	0.87	3.65
PROBABLE	600,000 (Similar Grade)				

President's Report to the Shareholders

It is with great pleasure that I submit the First Annual Report of Hart River Mines Ltd., outlining the progress of the company since incorporation on December 1, 1967. The report covers the activities of the company to August 31, 1969, and the financial statements cover the period from incorporation to the company's fiscal year end of April 30, 1969.

In the 22-month period since incorporation, the company has explored and developed a raw mineral prospect in two main phases — the 1968 Summer Field Season and the 1969 Summer Field Season. The Board of Directors feels the company has made remarkable progress in exploration and development of the silver-base metals property in the Yukon. We are now optimistic that the property, located some 85 air miles from Dawson City, will be brought into production either in late 1970 or early 1971.

During the 1968 Summer Field Season, an extensive surface exploration program was carried out to test a number of mineralized targets outlined by prospecting. The main target area was the Mark Zone and exploration since has been primarily concentrated in this area. A total of 31 diamond drill holes were completed in the season for total footage of 7,266 feet.

In the 1968-69 winter months, a 64-mile winter road was built allowing entry to the base camp from the Dempster Highway. Major equipment and fuel for the 1969 program was moved to the property during these months.

During the 1969 Summer Field Season, the underground development program began. An Adit, driven along the 3,880-foot level, intersected the Mark Zone in June of this year and drifting was then started along the mineralized area. Near the end of the field season, a second adit was started on the 3,680-foot level.

The company also retained Kaiser Engineers of Oakland, California, to carry out a feasibility study which is scheduled to be completed before the end of this year.

Crews have now been moved out from the property during freeze-up, but are scheduled to return in November or December to resume underground diamond drilling and further development work. In the interim, Hart River's consultants, Alrae Engineering Ltd., are compiling the results of the surface and underground exploration and the Board anticipates that a decision on production will be made early in 1970.

To August 31, 1969, a total of 577,445 tons grading 1.45 ozs. silver and 0.041 oz. gold per ton, plus 1.45% copper, 0.87% lead and 3.65% zinc has been proven up by the underground development program. Probable tonnage is placed at 600,000 tons of similar grade.

Substantial additional possible tonnage is indicated, but development work has not reached the stage whereby definitive calculations can be made.

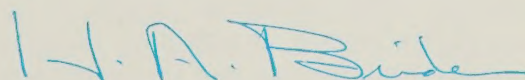
The tonnage proven so far is located in two lens-type deposits within the Mark Zone. Broken down, the No. 1 Zone contains 510,070 tons grading 1.48 ozs. silver and 0.043 oz. gold per ton plus 1.52% copper, 0.90% lead and 3.66% zinc. This zone covers a strike length of 390 feet, a proven plunge length of 600 feet and varies from 15-50 feet wide. The No. 2 Zone, located above the 3,880 level, contains 67,375 tons grading 1.19 ozs. silver and 0.030 oz. gold per ton plus 0.96% copper, 0.70% lead and 3.60% zinc. This zone appears to plunge down through the 3,880 level west of the area of present drifting.

Neither of the Zones has been delimited and they cover a vertical depth of 400 feet from surface.

The company is currently making exhaustive inquiries with metal buyers in Canada and abroad while awaiting results of metallurgical testing on bulk samples that were taken during the summer.

Hart River Mines has taken a large stride in a comparatively brief period towards developing another producing mine in Canada. The Directors would like to take this opportunity to express their sincere thanks to shareholders and employees of the company who have all contributed to furthering the company's objective of developing a producing mine.

On Behalf Of The Board,



H.A. Briden,

September 8, 1969.

President.

Surface Drilling Results, 1968.

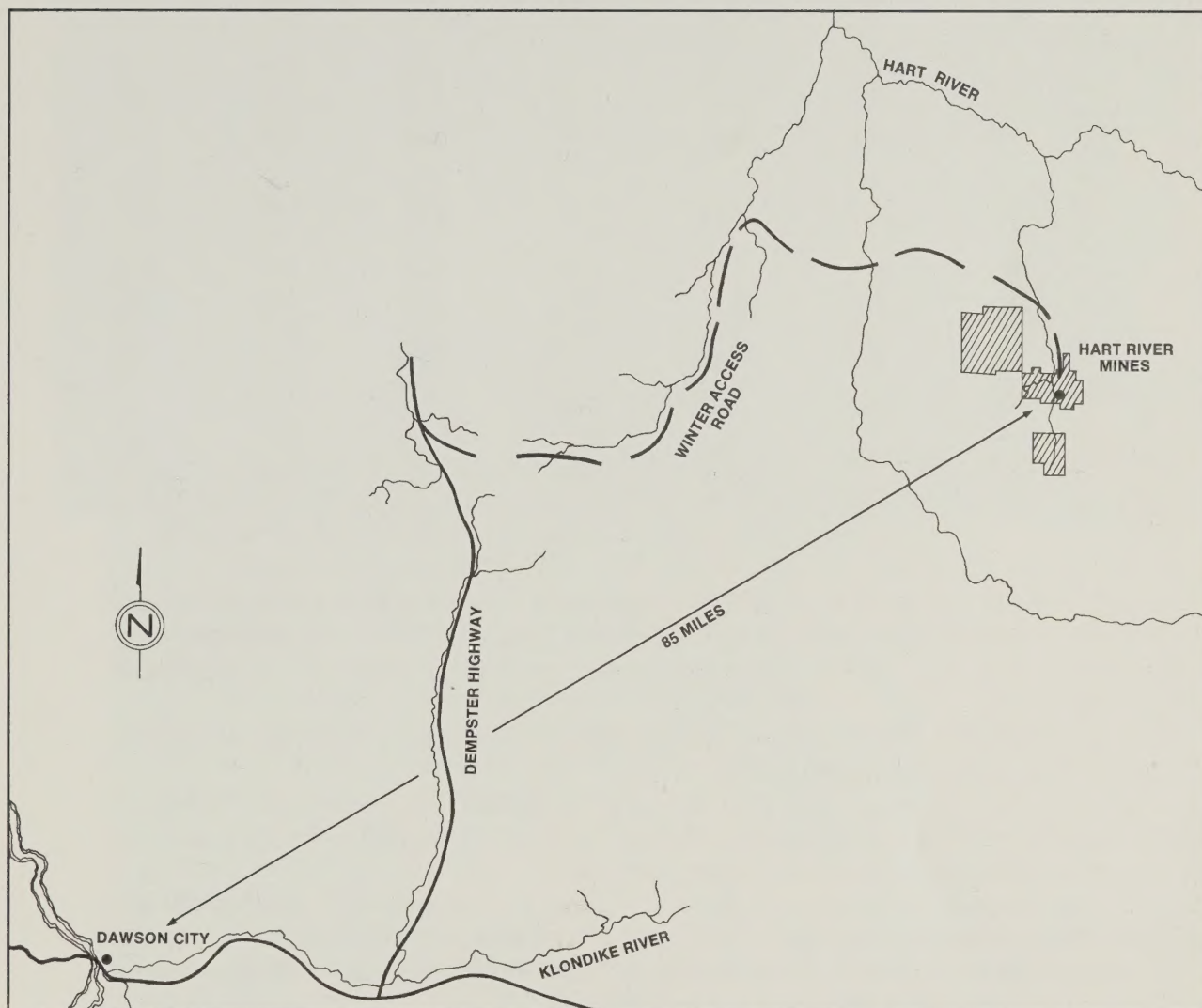
HOLE NO.	ANGLE (DEG)	WIDTH (FEET)	FROM (FEET)	SILVER (OZ/TON)	GOLD (OZ/TON)	COPPER (PERCENT)	LEAD (PERCENT)	ZINC (PERCENT)
1	90	126.0	19.0	1.26	0.095	1.67	0.28	3.56
and		42.0	153.0	3.61	0.14	0.60	2.41	15.48
and		36.0	195.0	2.71	0.13	1.05	0.72	6.83
2	62	28.0	18.0	5.20	0.033	0.34	0.21	0.69
3	45	25.0	22.0	1.03	0.04	1.85	0.04	1.72
4	80	62.0	13.0	0.95	0.061	1.73	0.37	3.37
and		57.0	113.0	3.15	0.081	1.02	1.39	9.57
and		75.0	170.0	2.31	0.063	0.63	1.58	8.21
5	60	39.0	21.0	0.36	0.028	1.55	0.03	0.35
6	90	15.0	25.0	1.03	0.033	2.02	0.20	1.63
7	75							
8	67	26.0	19.0	1.24	0.034	1.25	0.78	3.01
and		35.0	45.0	2.00	0.034	2.37	0.51	2.23
and		25.0	80.0	0.91	0.032	1.60	0.69	3.15
and		35.0	105.0	0.88	0.031	5.01	0.03	0.28
and		16.8	150.0	0.42	0.023	1.75	TR	0.05
9	45	87.6	22.4	1.39	0.042	0.31	1.41	6.96
10	40	115.0	45.0	1.49	0.041	0.31	1.07	4.79
11	68							
12	59							
13	60	16.0	31.0	1.50	0.007	0.47	0.26	2.64
and		15.0	47.0	1.90	0.005	1.16	0.20	0.72
and		22.0	62.0	2.01	0.010	0.61	0.80	6.65
and		19.0	90.0	2.13	0.014	0.55	1.59	11.09
14	40							
15	60	20.0	78.1	0.50	0.028	0.25	0.69	3.88
16	40	20.0	82.6	0.81	0.024	0.51	0.77	4.55
17	45	103.0	121.0	0.39	0.01	0.14	0.11	0.52
18	70							
19	90	11.0	81.6	1.12	0.024	0.10	1.49	6.45
20	90	10.0	94.0	1.36	0.023	0.12	1.23	3.55
21	45	5.6	85.0	1.40	TR	1.54	9.68	0.27
and		30.0	150.0	1.69	0.0075	0.57	6.51	0.96
22	60	12.4	83.6	0.42	0.004	0.22	3.06	0.40
and		30.0	96.0	0.71	0.004	0.17	1.54	0.77
and		35.0	151.0	0.93	0.005	0.22	2.17	2.52
23	70	30.0	182.0	0.54	0.011	3.87	0.31	1.03
24	90	20.0	259.0	0.06	TR	0.24	1.31	4.02
25	55	35.0	132.0	0.58	0.004	0.30	1.04	2.29
26	48							
27	60	8.6	177.0	0.12	TR	0.39	0.22	1.79
28	60	30.4	214.6	0.46	0.007	0.18	1.12	0.82
29	35							
30	45							
31	55							

NO SAMPLES TAKEN
NO SAMPLES TAKEN
NO SAMPLES TAKEN

Summer Field Season, 1968

Exploration in 1968 consisted mainly of diamond drilling to test the Mark Zone. Because of the terrain, the drilling program could not be carried out with holes spaced at regular intervals and the holes were collared at points where it was possible to set up a drill.

The results of the program were encouraging though it was not possible to calculate tonnage possibilities. As a result, it was decided to proceed with an underground development program.



Summer Field Season, 1969

The underground program began with the adit drive on the 3,880-foot level. It was designed to intersect the mineralized area indicated by the 1968 drilling program at a point relative to the deepest intersection encountered in that program.

The adit intersected the Mark Zone in June for an overall length of 93 feet some 646 feet from the portal. The intersection included massive sulphides and banded material with an ore grade intersection of 73 feet averaging 2.25 ozs. silver and 0.038 oz. gold per ton plus 1.70% copper, 0.36% lead and 5.82% zinc. True width for this 73-foot intersection is 47.6 feet.

Underground Drilling Results, 1969

HOLE NO.	ANGLE (DEG)	WIDTH (FEET)	FROM (FEET)	SILVER (OZ/TON)	GOLD (OZ/TON)	COPPER (PERCENT)	LEAD (PERCENT)	ZINC (PERCENT)
U-8	—45	26.2	59.0	0.78	0.029	1.41	0.31	3.52
U-9	—70	26.0	78.7	0.55	0.029	2.14	0.07	0.72
U-10	—90							
U-11	—22	41.1	36.5	1.09	0.038	2.67	0.14	1.09
U-12	—45	55.0	43.2	1.26	0.034	1.24	0.46	3.89
U-13	—70	70.0	53.8	1.68	0.08	1.76	0.70	4.63
U-14	—90	5.0	149.6	0.66	0.02	3.00	0.06	0.16
U-15	+45							
U-16	—30							
U-17	—60	14.5	101.5	1.66	0.02	0.44	1.24	6.76
U-18	—80	7.0	134.0	2.24	0.08	1.00	1.25	6.90
U-19	—85							
U-20	—40	9.5	94.0	1.40	0.008	0.36	1.13	5.49
U-21	—45	14.5	37.0	0.32	0.003	3.30	0.09	0.41
U-22	—70	22.0	48.0	0.48	0.002	5.07	0.23	1.30
U-23	—45	21.2	12.4	0.12	0.002	0.24	0.12	0.54
U-24	—70	10.0	25.0	0.39	TR	0.20	0.42	1.40
U-25	flat	15.0	51.5	2.20	0.043	0.19	3.01	7.02
and		15.0	66.5	0.49	0.031	0.14	0.81	4.48
U-26	—45	24.5	2.5	0.98	0.027	0.29	0.61	10.12
U-27	—70	20.0	3.5	1.67	0.033	0.31	0.90	7.78
U-28	—90	25.0	4.5	1.15	0.022	0.36	0.77	5.48

Two drifts — The East Drift and the West Drift — were started along the footwalls of the mineralized area. The East Drift was advanced 292 feet and the West Drift 479 feet. A total of 323 feet of crosscutting has been carried out to date from both drifts.

The Lower, or 3,680, Adit level was advanced for a total of 178 feet and some 40 feet of crosscutting was completed.

A total of 32 underground drill holes were drilled from the 3,880 level. Of these holes, Nos. 1-7 were drilled from the adit before the Mark Zone was intersected and Nos. 29-32 were strictly exploration holes.

Total footage of underground drilling to date is 5,399 feet. Nine additional exploratory holes were also completed on surface for footage of 3,216 feet.

Hart River also undertook additional outside exploration in 1969. Three new properties were staked in the general Dawson area.

The three properties are the Wolf Group which consists of 72 claims and is located 25 miles east of the main property; the Gold Group which consists of 24 claims located about 48 miles northeast of Dawson City; and the R-N Group which consists of six claims located about two miles southwest of the Gold Group.

Exploration was restricted to the Wolf Group and included an electromagnetic survey and four diamond drill holes totalling 609 feet. Results of this work are expected within the next 30 days.

The other major undertaking in 1969 was the completion of a 3,000-foot airstrip which is big enough to handle aircraft to the size of DC-3s.

The property is under the management of J. McKinnon. Supervising geologist is G. Simpson and resident geologist is K. Carter. During the peak of the season's work, 31 men were operating from the base camp.

The History of Hart River

The Mark Zone being developed by underground exploration is a brand new discovery made in an area where little or no previous prospecting had been carried out with any measurable degree of success.

In the early spring of 1966, Alex Briden and Pat Callison made an agreement to sponsor a prospecting party to operate for a minimum of three months searching for mineral prospects in Northern British Columbia and the Yukon Territory.

Mr. Callison, who has extensive experience in the far north, agreed to provide a helicopter and his services as pilot. Mr. Briden, on behalf of Alrae Engineering Ltd., agreed to supply a prospector, an assistant and engineering guidance for the three-month period.

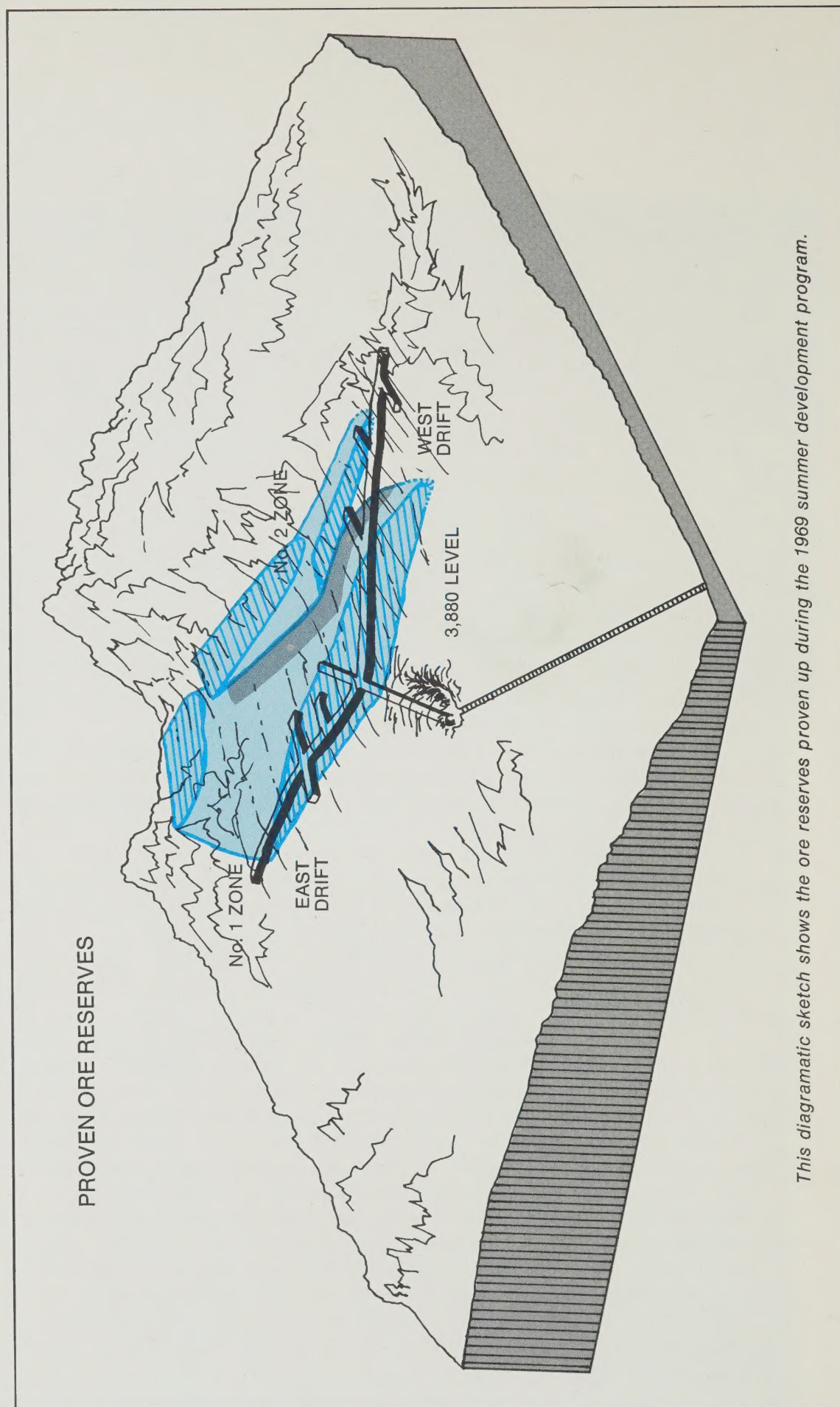
The party began its program in Northern British Columbia where several targets were examined before moving northwards as the snow line retreated in the early summer.

The Mark showing was discovered when a series of trenches were dug to test some mineralized outcrop in the latter part of the 1966 field season. A total of 38 claims were staked to protect the showing before freeze-up.

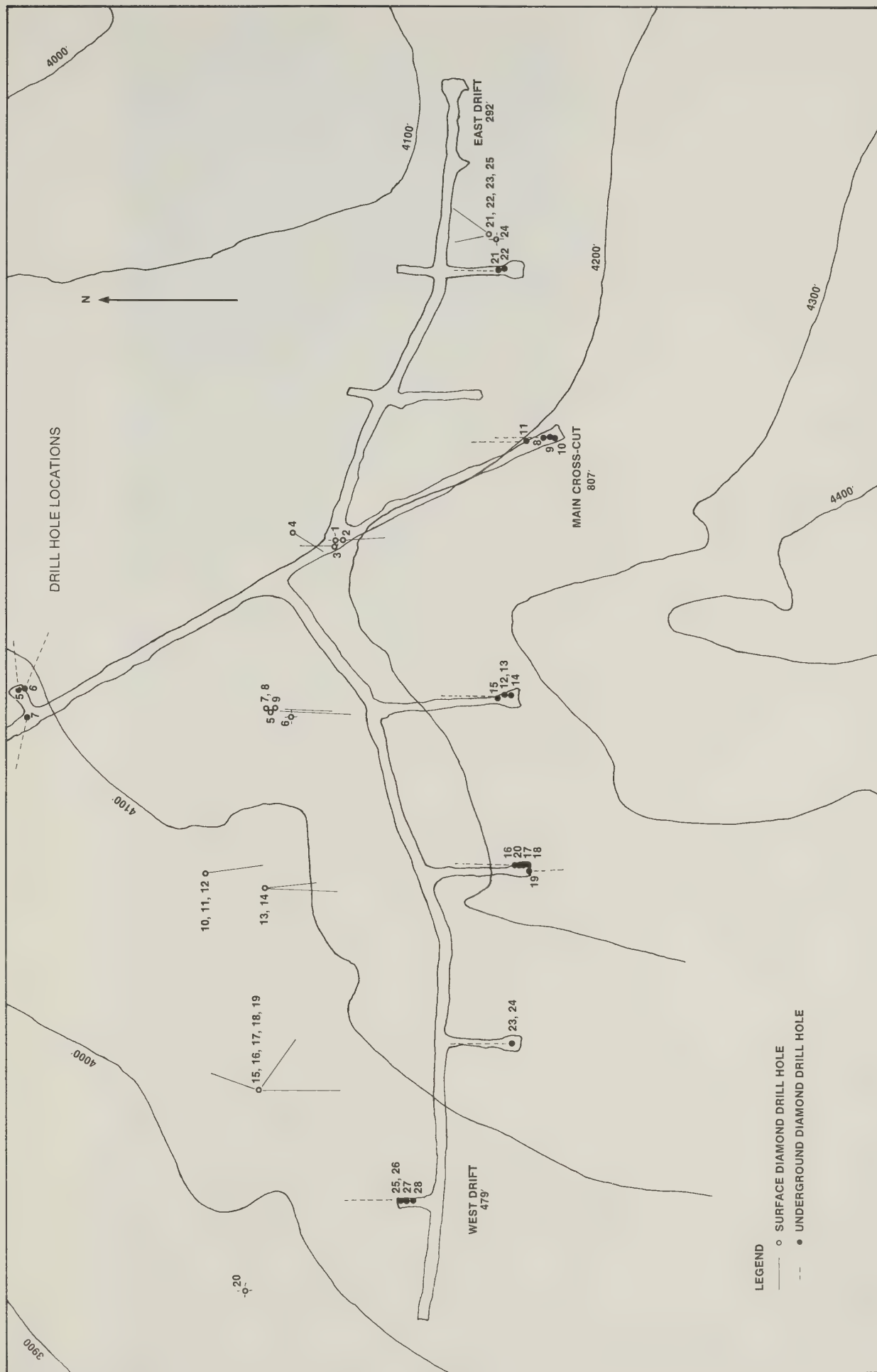
Follow-up work in 1967 indicated that additional exploration, involving greater amounts of money, would be required to obtain definitive answers.

As a result, Callison Enterprises and Alrae Engineering agreed to assign 50% of the vendors' position to Anglo-Western Minerals Limited and Ventures Mining Limited. It was also agreed that Anglo-Western and Ventures would receive shares of a new company to be formed at a price of 10¢ per share for every dollar expended on the property to a maximum of 200,000 shares.

With Anglo-Western and Ventures providing the funds, several short pack sack drill holes were put down late in 1967 to test the Mark showing. Results were encouraging and Hart River Mines was incorporated on December 1, 1967.

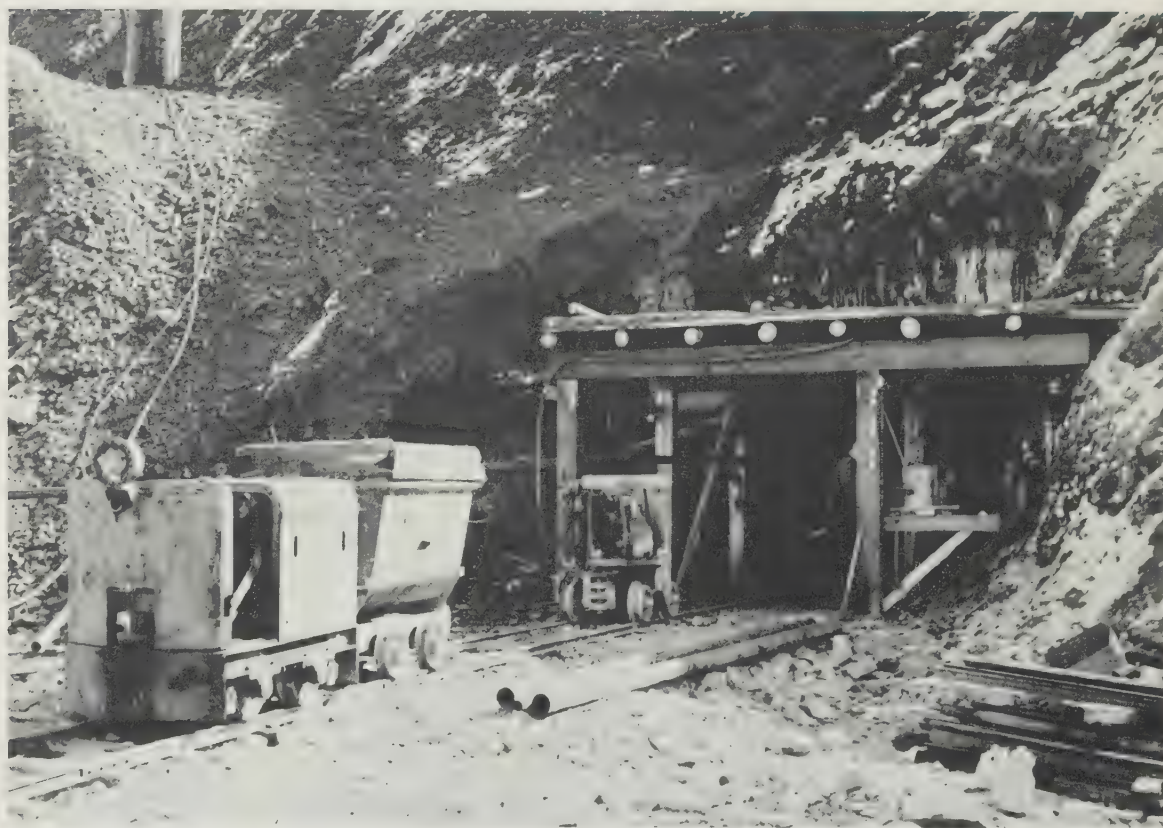


This diagrammatic sketch shows the ore reserves proven up during the 1969 summer development program.



Surface and underground drill hole locations are shown in relation to the underground development

Drilling on surface has always been a problem at Hart River because of the surface terrain of the Mark Zone area. The photograph at right shows the location of hole No. 5 in the 1968 program. Below, is the portal of the No. 2, or 3,680, Adit Level.



Shown below is the long walk that faces crews working on the No. 1, or 3,880, Adit Level. There are a total of 437 steps from the service area to the adit portal.



HART RIVER MINES LTD.

(NON-PERSONAL LIABILITY)

BALANCE SHEET AS AT APRIL 30, 1969

ASSETS		April 30, 1969	March 18, 1968
CURRENT ASSETS			
Cash		\$ 54,464	\$ 37,309
Deposit receipts with bank		250,000	—
Accounts receivable		2,705	—
Materials and supplies inventory at cost		50,695	—
		<u>357,864</u>	<u>37,309</u>
MINING PROPERTIES AND CLAIMS (Note 1)		75,000	75,000
DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES		646,410	21,500
CAMP BUILDINGS AND MINE EQUIPMENT at cost (Note 2)		173,251	—
INCORPORATION EXPENSE		1,191	1,191
		<u>\$1,253,716</u>	<u>\$135,000</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts, payable and accrued		\$ 66,216	\$ —
SHAREHOLDER'S EQUITY			
CAPITAL STOCK			
Authorized 5,000,000 common shares of 50¢ each par value			
Issued (Note 3)			
1,127,086 shares for cash		563,543	200,001
750,000 shares for mining properties and claims		<u>375,000</u>	<u>375,000</u>
		938,543	575,001
Premium (discount) thereon — net		248,957	(440,001)
		<u>1,187,500</u>	<u>135,000</u>
Signed on behalf of the Board			
'H. A. Briden' — Director			
'S. D. Anfield' — Director			
		<u>\$1,253,716</u>	<u>\$135,000</u>

AUDITORS' REPORT

To The Shareholders, Hart River Mines Ltd.
(Non-Personal Liability).

We have examined the balance sheet of Hart River Mines Ltd. (Non-Personal Liability) as at April 30, 1969 and the statements of deferred exploration, development and administrative expenditures and source and application of funds for the period March 19, 1968 to April 30, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, except that it was not practicable to verify the physical existence of inventories.

Subject to the fairness with which the inventories are stated, in our opinion these financial statements present fairly the financial position of the company as at April 30, 1969 and the results of its operations and the source and application of its funds for the period March 19, 1968 to April 30, 1969, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

'Riddell, Stead & Co.'

July 23, 1969

HART RIVER MINES LTD.

(NON-PERSONAL LIABILITY)

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

FOR THE PERIOD MARCH 19, 1968 TO APRIL 30, 1969

EXPLORATION AND DEVELOPMENT Mayo Mining Division, Yukon Territory	Expenditures December 1, 1967 (Date of Incorporation) to March 18, 1968	Expenditures March 19, 1968 to April 30, 1969	Balance April 30, 1969
Assaying	\$ 75	\$ 8,130	\$ 8,205
Bunkhouse operating expenses	—	3,659	3,659
Construction — road	—	51,326	51,326
Construction — camp and miscellaneous	—	19,908	19,908
Cookhouse and commissary	—	33,319	33,319
Drifting	—	42,570	42,570
Engineering and geology	—	40,048	40,048
Equipment — rentals	—	40,584	40,584
Equipment — operating expenses	—	39,289	39,289
General surface exploration	—	22,602	22,602
Miscellaneous expense — mine	—	7,597	7,597
Miscellaneous expense — general	9	5,281	5,290
Radio and telephone	—	3,923	3,923
Recording fees	—	4,832	4,832
Repairs and maintenance	—	3,030	3,030
Supervision	900	35,817	36,717
Surface diamond drilling	18,625	57,251	75,876
Transportation — helicopter and aircraft	—	99,067	99,067
Transportation — freight	—	49,348	49,348
Travel expenses	200	27,803	28,003
Warehouse and expediting services	—	8,227	8,227
	<u>19,809</u>	<u>603,611</u>	<u>623,420</u>
ADMINISTRATIVE			
Accounting	150	1,950	2,100
Advertising and promotion	—	944	944
Legal and audit	606	10,861	11,467
Licences and fees	—	2,300	2,300
Management fee	450	6,750	7,200
Miscellaneous expense	—	615	615
Rent, telephone and stationery	235	6,091	6,326
Transfer agent fees	250	1,622	1,872
	<u>1,691</u>	<u>31,133</u>	<u>32,824</u>
	21,500	634,744	656,244
RECOVERY OF EXPENDITURES			
Interest on deposit receipts	—	9,834	9,834
TOTAL DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES	<u>\$21,500</u>	<u>\$624,910</u>	<u>\$646,410</u>

HART RIVER MINES LTD.

(NON-PERSONAL LIABILITY)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD MARCH 19, 1968 TO APRIL 30, 1969

	Period March 19, 1968 to April 30, 1969	Period December 1, 1967 (Date of Incorporation) to March 18, 1968
SOURCE OF FUNDS		
Proceeds on sale of capital stock	<u>\$1,052,500</u>	<u>\$60,000</u>
APPLICATION OF FUNDS		
Purchase of mining equipment	173,251	—
Deferred exploration, development and administrative expenditures	624,910	21,500
Incorporation expense	<u>—</u>	<u>1,191</u>
	<u>798,161</u>	<u>22,691</u>
INCREASE IN WORKING CAPITAL	254,339	37,309
Working capital at beginning of period	<u>37,309</u>	<u>—</u>
WORKING CAPITAL AT END OF PERIOD	<u>\$ 291,648</u>	<u>\$37,309</u>

HART RIVER MINES LTD.

(NON-PERSONAL LIABILITY)

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 1969

1. MINING PROPERTIES AND CLAIMS

The company is the recorded owner of 185 mineral claims in the Mayo Mining Division, Yukon Territory, 38 of which were acquired for 750,000 shares of the company's capital stock at 10¢ per share and the balance of 147 were acquired for the cost of staking which is included in the exploration and development expenditures.

\$ 75,000

2. FIXED ASSETS

No depreciation has been recorded in the accounts on fixed assets.

3. CAPITAL STOCK

Capital stock has been issued for the following consideration:

	Number of Shares	Par Value	Premium (Discount)	Net
For cash	1,127,086	\$563,543	\$ 548,957	\$1,112,500
For mining properties and claims	750,000	375,000	(300,000)	75,000
	<u>1,877,086</u>	<u>\$938,543</u>	<u>\$ 248,957</u>	<u>\$1,187,500</u>

During the period March 19, 1968 to April 30, 1969, 727,084 shares were issued for cash, netting the company \$1,052,500.

637,500 shares are held in escrow subject to the order of the Superintendent of Brokers of the Province of British Columbia.

Under an underwriting agreement, dated November 18, 1968 there were options outstanding at April 30, 1969 on 200,000 shares of the company's capital stock at \$2.50 per share. These options were exercised in May, 1969.

